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1) TOP HEADLINES

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Local governments create manpower dispatching and contract companies to camouflage increase in unstable employment

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Stock decline warns against excessive optimism

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JNSC: Control tower to engage in war overseas

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, February 28

NIHON KEIZAI (Page 2) (Full)
March 1, 2007

10:35

Met with Natural Resources and Energy Agency Director-General Mochizuki at Kantei.

11:19

Held an interview with major Russian press companies with Special Advisor Seko, MOFA Press Secretary Sakaba and others present.

12:43

Attended unveiling ceremony for statue of former Prime Minister Ichiro Hatoyama at the Hatoyama Residence in Bunkyo Ward, along with Russian Premier Fradkov, former Prime Ministers Nakasone and Kaifu, and others.

13:21

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Arrived at Kantei.

14:15

Met with Deputy Chief Cabinet Secretary Matoba. Afterwards, met with LDP Policy Research Council Chairman Nakagawa. After him, met Special Advisor Nemoto.

16:43

Met with Fradkov. Later, attended signing ceremony for agreement and then held a joint press conference.

18:15

Attended dinner party for Fradkov.

19:40

Arrived at the Kantei residence.

4) Foreign Minister Aso highlights positive stance on Middle East peace

SANKEI (Page 5) (Full)
March 1, 2007

Foreign Minister Taro Aso yesterday delivered a speech titled "My Thoughts on Middle East Policy," in which he emphasized that Japan would actively address the Middle East, including bringing peace to the region, saying, "Japan will further deepen relations with the Middle East not only in economic affairs but also in political affairs."

Aso stated that as part of peace-building efforts, Japan would invite Iraqi legislators and influential leaders of various religious sects to a national reconciliation session to be held in March. He added, "We need to halt the bloodshed in Iraq and Afghanistan. Otherwise religious strife and terrorism could spread to various quarters of the world. This is a matter of urgency."

Japan relies on the Middle East for 90% of its oil imports. Aso pointed out, "The Middle East stands at an important crossroads at present as to whether it will head for stability or for chaos." Noting that there are not bad feelings toward Japan in the Middle East, he said that Japan can make use of the fact that it can conduct diplomacy while keeping an equal distance with all the countries in the region.

The government has declared the concept of creating a corridor of peace and prosperity aimed at promoting the Middle East peace process. Referring to the area from the West Bank to the Gulf nations via Jordan, Aso stated, "We plan to change the flatland of the Jordan Valley into a value-added agricultural base." Japan plans to help construct irrigation networks and transport routes to Gulf nations.

5) Japan, Russia agree to start talks on nuclear cooperation accord

YOMIURI (Page 2) (Full)
March 1, 2007

Prime Minister Shinzo Abe and visiting Russian Prime Minister Mikhail Fradkov officially agreed to start talks on concluding a nuclear cooperation accord under which both countries pledge to ensure the nonproliferation of nuclear weapons. The Japanese

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government and electric power companies have decided to let Russia enrich uranium taken from spent nuclear fuel at domestic power plants. The accord is premised on pushing ahead with this policy decision. The Russian agreement on negotiations is likely to accelerate moves toward cases of cooperation between Japanese and Russian private companies in the nuclear power area.

In a joint press conference after meeting with his Russian counterpart, Abe said, "We need to make more efforts to fully make use of both countries' potential in the economic sector and promote mutually beneficial cooperation." As the areas of cooperation, he cited energy, railways and airlines, and IT and telecommunications. Abe also said, "Both countries will begin negotiations on concluding a nuclear power agreement in the energy area," thus indicating a strong desire to deepen bilateral cooperation in the nuclear field.

Japan and Russia concluded an agreement in 1991 on nuclear power, including the exchange of information. But no accord has been reached to ensure both sides' pledge not to convert enriched uranium into nuclear weapons. Although Abe and Fradkov did not announce when both sides plan to conclude the agreement, Japan aims to strike a deal at an early date to make nuclear power cooperation a key element in overall bilateral energy cooperation.

Sergey Kirientko, director of the Russian Federation Atomic Energy Agency, is also visiting Japan with the prime minister. He met with Economy, Trade and Industry Minister Akira Amari at the ministry the same day. He expressed his expectations for wide-ranging bilateral nuclear cooperation, remarking, "A variety of cooperation programs are conceivable, such as those for providing uranium enrichment services, exploration of uranium minerals, and nuclear plant construction."

6) Japan to demand North Korea recognize abduction issue as unresolved during working group talks March 7-8

ASAHI (Page 1) (Full)
March 1, 2007

Japan and North Korea will hold working group talks on normalizing bilateral ties in Hanoi on March 7-8. The government has decided to urge the North in the talks to recognize the issue of North Korea's past abductions of Japanese nationals as unresolved and to promise to continue investigating and to provide related information. If North Korea accepts Japan's request, the government will study joining the energy aid program adopted in the latest six-party talks.

The government has so far taken the stance of "not providing energy assistance as long as no progress is made on the abduction issue," as Chief Cabinet Secretary Shiozaki said. But it has not specified what "progress" entails. It has been reported that when Prime Minister Abe revealed this stance to United States Vice President Dick Cheney on Feb. 21, he said, "I will judge whether there has been progress or not."

Regarding a "settlement" of the abduction issue, which Japan has set forth the prerequisite for resuming normalization talks, the government cited three conditions: (1) return all living abductees to Japan; (2) reveal the truth; and (3) hand the criminals involved in the abductions over to Japan.

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North Korea, however, has continued to insist that the abduction issue has been already resolved. If the North continues to take this stance, the upcoming talks might go nowhere. Japan, by sharing the common awareness of the issues with the North, now intends to link energy aid and the talks between Japan and North Korea.

In the six-party talks held in Beijing in mid-February, negotiators agreed to provide North Korea with energy aid equivalent to 1 million tons of heavy fuel oil in stages if Pyongyang shuts down and seals its nuclear facilities in Yongbyon and also disables all existing nuclear facilities.

However, only Japan announced it would not join the energy aid due to the abduction issue but would offer only indirect cooperation, such as surveying the demand for energy in North Korea.

Prime Minister Abe told reporters at his official residence yesterday: "Unless we determine that there has been progress (on the abduction issue), the North's current situation will improve. Pyongyang must be fully aware of it." He indicated that North Korea should make a sincere response."

7) LDP lawmakers interested in the comfort-women issue say: "There was no forced rounding up of women by the military"; Seek revision of the Kono Statement

YOMIURI (Page 4) (Full)
March 1, 2007

A draft proposal by a Liberal Democratic Party (LDP) committee of lawmakers to consider Japan's past and historical education (chaired by Nariyaki Nakayama) to seek a revision of the statement by then Chief Cabinet Secretary Yohei Kono in 1993 on the comfort women issue was revealed yesterday. The proposal will ask for the inclusion of the statement: "Although there may have been forced recruitment of women against their will by traders, there was no forced rounding up of women by the military or other authorities." The proposal will be formally accepted on March 1 and then presented to the Kantei (Prime Minister's Official Residence).

The Kono Statement, which expressed "apology and regret" toward the former comfort women, recognized that there had been forced recruiting of women by the former Japan Imperial Army and government authorities. The draft proposal points out: "The grounds are only the investigation of the oral testimony of former comfort women; no documentary proof was ever discovered." In addition, the proposal calls for removing the word "military" from the term "military comfort women" that is in the Kono Statement. Since Prime Minister Abe has stated that he would follow the Kono Statement, the request to drastically revise the statement was put off.

Regarding the draft resolution presented by the US House of Representatives criticizing Japan on the comfort women issue, the proposal asks the Japanese government to rebut the resolution, stating, "The Kono Statement has damaged Japan's image, and has invited criticism of Japan that is filled with factual errors and hateful feelings."

8) Kantei working to prevent US adoption of military comfort women resolution; LDP to meet today on revision to Kono Statement

SANKEI (Page 5) (Full)

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March 1, 2007

The government and the ruling Liberal Democratic Party (LDP) are gearing up to prevent the United States House of Representatives from adopting a resolution condemning Japan over the military comfort women issue. The resolution is under deliberation in the House. The Prime Minister's Official Residence (Kantei) has led the move to convey Japan's concern to the US government and congressional members concerned and ask for their cooperation to prevent the adoption of the resolution. The LDP will send a mission to the US. It is also reviewing the so-called Kono Statement, which

has been made the basis for the resolution.

The government is concerned that if the resolution were to be approved, that could "affect significantly" Prime Minister Shinzo Abe's plan to visit the US possibly late April, one government official said.

Abe in this regard sent Special Advisor Hiroshige Seko to the US on Feb. 19-22. During his stay in the US, Seko emphasized to scholars, journalists, government officials, and others problematical points concerning the resolution.

According to one government official, the government has received the impression via Seko's US visit that at this point, "The resolution has not become a big matter of concern in the US." His visit also made it clear that the Japanese Embassy in the US remained slow to prevent the adoption of the resolution. The embassy staff has not made a clear protest against the contents of the resolution, such as "the Japanese government's coercion of women into sexual slavery" and "human trafficking on the most massive scale in the 20th century." The same official noted, "All the embassy staff had done until then was to explain that Japan has apologized many times for the military comfort women issue."

To deal with the matter, the Kantei strongly urged the Ministry of Foreign Affairs (MOFA) and the embassy staff to take action to deal with the move. It is also stepping up efforts to lobby behind the scenes against the bill while surveying support for the resolution in the US House.

Meanwhile in the LDP, the subcommittee on the military comfort women issue (chaired by Yasuhide Nakayama) under the Parliamentary Council to Think about the Future of Japan and History Education will meet today with the participation of LDP Policy Research Council Chairman Shoichi Nakagawa and put together a proposal for revising the Kono Statement.

The proposal is likely to be presented to the government after going through due procedures at the party's Education Division and its Policy Deliberation Commission because "the party otherwise cannot approve it as the party's proposal," Nakagawa said. Following this move, the government envisions the possibility of discussing a partial modification of the Kono Statement.

The LDP plans to send some members of the parliamentary council to the US early March. It is also arranging a meeting with House of Representative Mike Honda, the Democrat who submitted the resolution to the House, and also to contact other members of the House showing understanding toward the resolution so that they will turn around.

9) Representative Mike Honda pursuing Japan's war responsibility,

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getting support from Korean- and Chinese-Americans

SANKEI (Page 5) (Full)
March 1, 2007

Congressman Mike Honda, 65, is a third-generation Japanese-American and was born in California. In childhood during World War II, he and his family were interned in a camp for Japanese-Americans in Colorado. After serving as an assemblyman, he was elected to Congress in 2000.

Honda has pursued Japan's historical issues and its war responsibility, mustering support from Korean- and Chinese-Americans.

Honda sponsored a resolution calling for an apology and compensation from Japan for the Nanjing Incident and military comfort women, which was adopted at the state assembly. Of the eight resolutions condemning Japan over military comfort women submitted to the House since 1996, Honda was involved in five. The resolution this time condemning Japan was jointly introduced by Honda and six other lawmakers to the House Foreign Affairs Committee on Jan. 31.

The Subcommittee on Asian and Pacific Affairs of the Foreign Affairs Committee held a hearing on the resolution on Feb. 15. Three former military comfort women who testified before the subcommittee were the same persons who had testified at the Women's International War Crimes Tribunal, which Japanese and Asian NGOs held in 2000 with the aim of bringing the former Imperial Japanese Army's sexual violence to light.

The seven past resolutions were all scrapped, but the resolution this time is likely to be adopted, as human-rights lawmakers of the Democratic Party have assumed the chairmanship of the subcommittee and the committee respectively, following the midterm elections. When the resolution would be adopted depends on the chairmen's decision. "No optimism is allowed as to when the resolution will be adopted," the Ministry of Foreign Affairs' Regional Policy Division commented.

10) Abe may visit Yasukuni Shrine: Shimomura

TOKYO (Page 2) (Full)
March 1, 2007

Deputy Chief Cabinet Secretary Hakubun Shimomura implied yesterday that Prime Minister Abe might pay homage at Yasukuni Shrine sometime in the year even though China has been constraining such a visit. "The Yasukuni card is not in the hands of China," Shimomura said in an Asahi Newstar program recorded yesterday for a CS broadcast. "It's in the hands of Prime Minister Abe," he added.

Abe has been withholding his definite answer to China's invitation to visit China this fall. "It's a clear-cut message meaning that the prime minister will not do anything that would prevent him from going there (Yasukuni Shrine) as a result of being caught in the grips of diplomacy," Shimomura stressed.

11) Gov't eyes revamping intelligence-gathering capability; North Korea targeted for overseas human intelligence

SANKEI (Page 2) (Full)

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March 1, 2007

The government yesterday held a meeting of its advisory panel at the Kantei to reinforce its intelligence-gathering capability. In the meeting, the panel, chaired by Chief Cabinet Secretary Yasuhisa Shiozaki, released an interim report to revamp the Kantei's capability of gathering and analyzing intelligence on diplomatic and security affairs. The report suggests the necessity of posting intelligence analysts with a high level of analytical capability at the Kantei, and the report stresses revamping Japan's capability of gathering human intelligence overseas.

In order for Japan to have the capability of collecting human intelligence overseas, the panel report envisages establishing a new organization and developing human resources. For that purpose, the report suggests the necessity of starting feasibility studies immediately about special and organizational entities for human intelligence overseas.

In addition, the panel report also specifies the need for the Joint Intelligence Council (JIC) to work out intelligence evaluation reports that analyze intelligence gathered by each entity. The report proposes posting intelligence analysts in the Cabinet Intelligence and Research Office to draft intelligence evaluation reports, aiming to integrate intelligence from various government offices, including the Foreign Ministry and the Defense Agency.

The report envisions several experts, including private-sector persons, serving as intelligence analysts. In order to secure a high level of expertise, intelligence analysts can be posted for a long period of time, according to the report.

Meanwhile, the report also says the government should expedite specific steps to prevent electromagnetic leaking and eavesdropping. At present, the period of penal servitude for an infraction of

confidentiality is up to one year under the Government Officials

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Law. The report therefore notes the insufficient deterrence for information security, and it says the government should study new legislation to tighten penal regulations for information security.

The JIC, periodically meeting at the Kantei, is made up of senior officials from the Kantei, the National Police Agency, the Defense Ministry, the Public Security Investigation Agency, and the Foreign Ministry. However, the council's members only report pending matters. Its weak intelligence gathering and analytical functions have been called into question.

The panel will study specific measures to beef up the government's capability of collecting intelligence overseas and will work out a final report within six months.

12) New law eyed for state info security

NIHON KEIZAI (Page 2) (Full)
March 1, 2007

A government panel, chaired by Chief Cabinet Secretary Yasuhisa Shiozaki to improve the government's intelligence-gathering capability, released an interim report yesterday. In its report, the panel proposes revamping the Cabinet Intelligence Council (CIC), an entity made up of subcabinet-level officials from government ministries and agencies, so that the council can direct government

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offices to collect and analyze intelligence needed for policy planning. The report also incorporated a course of action to study setting up a special entity to gather overseas intelligence. The panel will work out a final report within six months to come up with specific proposals.

Meanwhile, the government plans to establish another entity called the Japan National Security Council (JNSC). Along with this move, the CIC will be reorganized with the participation of the JNSC's secretariat chief and other staff members tasked with planning

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foreign and security policies. This is aimed at notifying government ministries and agencies of information needed for policy planning.

The panel report also specifies the necessity of reinforcing the government's intelligence-gathering capability due to its lack of overseas intelligence in the security area, such as weapons of mass destruction and international terrorist groups. The report proposes looking into the feasibility of launching a special organization at an early date for that purpose. It also suggests the need for the government to consider new legislation for information security intended to prevent critical information from leaking.

13) Cooperation in Upper House election between LDP, New Komeito strained by LDP switching candidates in proportional races

YOMIURI (Page 4) (Excerpt)
March 1, 2007

Cooperation between the Liberal Democratic Party (LDP) and the New Komeito in this summer's Upper House election has started to waver. The LDP has begun to back candidates one after the other for Upper House proportional seats in regions and localities considered by the New Komeito to be its strongholds. In reaction, the Komeito has reacted sharply, aiming at "defending to the last gasp" eight seats currently held in the proportional races.

14) 3,600 candidates to run in 44 prefectural assembly elections

TOKYO SHIMBUN (Page 2) (Full)
March 1, 2007

About one month is left until the official campaign for the unified local elections, will begin on March 30. Unified local assembly

elections will be held in 44 prefectures, except for Ibaraki, Tokyo, and Okinawa. According to a survey compiled by Kyodo News Agency as of yesterday, 3,581 persons are now preparing to run in the elections, but the number of prospective candidates is 121 less than that in the 2003 elections. The number of prospective female candidates also decreased by 14 to 328. One of the reasons is that the number of total seats in the election has been cut to 2,544. The competition ratio would be about the same as last time: about 1.4 times more candidates than seats.

The ruling Liberal Democratic Party is expected to file 1,439 candidates, a drop of 50 from the previous election. The reason seems to be changes in electoral districts due to the integration of municipalities. The main opposition party, Minshuto (Democratic Party of Japan), will file a total of 4,070 candidates, including 29 to run in the Iwate prefectural assembly election, aiming to win a majority of the 48 seats, and more than 40 candidates in the Hokkaido, Kanagawa, and Aichi races.

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The New Komeito has endorsed 181 persons as its candidates -- the number is the same as that of the previous race, with the aim of having all the candidates win. The Japanese Communist Party planned to field 279 candidates and the Social Democratic Party, 75, hoping to hold on to the number of seats they currently have. The People's New Party will field four candidates in the elections.

A total of 1,088 persons have announced their candidacies as independents. The 1,088 include 432 ruling camp-affiliated candidates, 320 opposition camp-affiliated candidates, and 326 other candidates.

A total of 1,316 people are planning to run in 15 government ordinance city assembly elections, the official campaign for which will start on March 30.

15) Uncertainty looming over Abe administration's growth strategy; Government officials stress: "The economy will continue to grow," despite worldwide stock plunges

NIHON KEIZAI (Page 2) (Excerpts)
March 1, 2007

A cause for concern in the form of a possible downturn in the economy has started to spread across the Abe administration a time when its popularity has continued to slip in the polls. Should the administration's "growth strategy" be negatively affected by falling stock prices and a strengthening of the yen, the social and income disparity issue might be further exacerbated. In addition, the administration will unavoidably be pressed with the difficult task of raising the consumption tax to improve the budget balance. Senior members of the government and the ruling parties in an attempt to dispel concern stressed in unison: "The trend of moderate economic recovery will continue into the future."

Asked for his comment by reporters on the plunges in Tokyo shares yesterday, Prime Minister Shinzo Abe flatly replied, "I had better not comment on stock moves and their causes." Regarding the impact of the stock falls on the government's economic policy, he only said, "The policy will remain unchanged."

Based on the judgment that it would be unwise for the Prime Minister's Office to make a conspicuous response, Chief Cabinet Secretary Yasuhisa Shiozaki also just said in a press conference

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yesterday: "The government should not comment on moves at the stock market. The market is in the hands of market players."

In the ruling camp, though, some members express concern about the future of the Japanese economy. Liberal Democratic Party's Tax System Research Commission Chairman Yuji Tsushima remarked: "Tokyo stocks may tumble further. We must continue to pay close attention to future moves in the market." New Komeito Secretary General Kazuo Kitagawa voiced apprehension about moves on the foreign exchange

market, saying, "World stock markets declined, leading to jacking up the yen's value further. We must keep a close watch on the exchange market."

16) Ex-Miyagi Gov. Asano likely to run in Tokyo gubernatorial race

ASAHI (Top Play) (Excerpts)
March 1, 2007

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Former Miyagi Gov. Shiro Asano, currently a professor at Keio University, 59, has decided to run in the Tokyo gubernatorial election, the official campaign for which starts on March 22. As a result of Asano's decision, the leading opposition party Minshuto (Democratic Party of Japan) deferred the announcement of its own candidate for the Tokyo race at a fund-raising party yesterday. Asano apparently intends to run in the election as an independent supported by a civic groups that called on him to enter the race. He will likely to formally announce his candidacy next week at the earliest. The Minshuto leadership intends to back Asano, giving up fielding its own candidate, once he announces his candidacy. With Asano's decision, the lineup of prospective candidates is complete.

Minshuto does not plan to sponsor Asano as a candidate, but just support him, in line with his intention. In a press conference yesterday in Fukui City, President Ichiro Ozawa indicated that his party would not place importance on fielding its own candidate.

DONOVAN